M

Secrets. II-27—100,000—21-5-52.

Development (1948) Department.

M/3 SERIES.

G.O. No. 1851

Dated 14. 4. 48.

[Despatch Abstract.]

Textiles - Millmade standard cloth and handloom cloth schemes - winding up - Note on cut motion - Papers - Recorded.

P. of B.E.597-623. DEMAND NO. XXXIX.

108. SRI. P. VENKATESWARLU, M.L.A.

To reduce the allotment of Rs. 100.

PUBLIC

FOR CAPITAL OUTLAY ON PROVINCIAL SCHEMES OF STATE TRADING BY RS. 1.

(To discuss about the Winding up of the standard cloth schemes).

PUBLIC (ELECTIONS) DEPARTMENT

Development U.O.

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1.3.48.

DEVELOPMENT DEPARTMENT

Please see the cut motion at 'A' above proposed to be moved by Sri. P. Venkateswarlu under Demand No. XXXIX, to discuss about the winding up of the Standard Cloth Schemes.

The Standard Cloth Schemes have already been wound up in 1945-46. No provision for expenditure has been made in the Budget Estimates for 1948-49 under 85-A.Capital Outlay on Provincial State Trading -b-Standard Cloth Scheme. In the Revised Estimate for 1947-48 a credit for 6.25 lakhs of rupees has been shown which represents the anticipated receipts from the Government of India towards reimbursement of the loss sustained under the Mill made Standard Cloth Scheme.

A Short history of the scheme is given below:-

The State Trading Schemes under the control of the Provincial Textile Commissioner were:-

(i) Mill made standard cloth scheme; and
(ii) Handloom cloth schemes.

(i) Mill made standard cloth scheme:- The scheme was introduced by the Central Government in 1942 on an all-India basis to provide cloth for the poorer classes of people at reasonable prices. Orders for cloth were placed with the mill by the Textile Commissioner, Bombay, according to the indents of the Provincial and State Governments. The following table shows the margins of profits allowed for handling the goods at the several stages:-

(1) Central Government to Provincial Government.	Ex-mill price plus 1¾ per cent (representing working expenses and cost of transport).
(2) Provincial Government to licensed dealer.	Ex-mill price plus 3¼ per cent (the 1½ per cent over the price paid to Central Government being margin to cover working expenses of Provincial Government).
(3) Licensed dealer to consumer.	Ex-mill price plus 6¼ per cent (the difference of 3 per cent being the dealer's margin).

The Government of Madras joined the scheme in July 1943. The Government of Madras was not however given a free hand

in indenting for varieties which they considered suitable for this Province. The discretion of the Provincial Government was also circumscribed in regard to the width of the cloth indented for. The Standard cloth sold well in the early stages. But later on much difficulty was experienced in selling the cloth. This Government finally withdrew from the scheme with effect from 1st August 1945. During this period from July 1943 to August 1945, cloth valued at Rs. 4,50,67,842 was supplied to this Government and was disposed of for Rs. 4,42,94,997 resulting in a net loss of Rs. 6,26,478, including a sum of Rs. 1,14,414 towards interest on capital outlay. The loss was mainly due to the reduction in the selling price of the cloth announced by the Central Government, thereby obliging the Provincial Governments to sell the goods at less than cost price and also to reimburse the loss incurred by merchants who in turn were obliged to sell the cloth at prices below the cost price.

A claim for reimbursement of the entire loss of Rs. 6,26,478 from the Standard Cloth Equalisation Fund held by the Central Government has been preferred. The matter is under correspondence with the Textile Commissioner, Bombay. The Textile Commissioner last informed this Government that the profit and loss accounts and stamping fee statements have still to be received from some of the Provincial Governments and that as soon as all these are received by him, steps would be taken to reimburse the loss incurred by this Government.

HANDLOOM STANDARD CLOTH SCHEME:- Ten collective weaving centres were organised at Ammapet, Gugai, Ponnammapet and Kondalapatti in the Salem District, Puliampatti in the Ramnad District, Sankarankoil and Kadiyanallore in the Tinnevelly district, Kozigi in the Bellary district, Kalahasti in the Chittoor district, Jammalamadugu in the Cuddapah district, Peddapuram in the East Godavari district, Chiralal in the Guntur district, Maddikera in the Kurnool district and Thirunageswaram in the Tanjore district, primarily to execute orders for war textiles received from the Supply Department of the Government of India and also to investigate the possibility of setting up effective business organisation of weavers through the agency of the staff appointed by the Government. It was thought that the centres would prove to be the most promising probation units for large and sound weavers societies.

2. Government also decided that this Province should work the Handloom Standard Cloth Scheme as complementary to the Mill-made Standard Cloth Scheme in order to add to the quantity of cheap cloth available for consumers. As many handlooms as possible were gathered together in the collective weaving centres and seven varieties of grey shirtings, seven varieties of dhoties, four varieties of sarees and two varieties of towels in counts ranging from 14s to 60s were produced in the centres. The total production of handloom standard cloth was 2,657,384 yards.

3. On account of the promulgation of the Cotton Cloth and Yarn (Control) Order, 1943 by the Central Government, the hoarded stocks of mill cloth began to find their way into the market because all unmarked and unstamped mill cloth had to be sold out before the end of the year 1943. Prices also fell because the stock had to be cleared. Thus, when mill cloth at reduced prices was available, people did not like to buy the less attractive, though cheaper, handloom standard cloth. The utility of the Handloom Standard Cloth Scheme vanished and the scheme was wound up.

4. Even while the Collective Weaving Centres were producing handloom standard cloth, they were allowed to employ some looms on normal varieties of cloth such as dhoties, sarees, shiftings, bed-sheets and towels. When the production of the Handloom standard cloth was stopped, the Collective Weaving Centres produced normal varieties of cloth which found ready sales.

5. As large stocks of handloom cloth like coatings and shirtings produced for Ceylon and other markets outside the Province were left over in the hands of factory owners without sales, and as the prices of mill cloth fell rapidly, the handloom factory owners in Malabar district stopped production and a large number of workers were thrown out of employment. To meet this situation, a relief centre was started in Cannanore which gave employment to 839 weavers. Drill and twill were produced in this centre. The centre was would upon 31.3.1944 as by that time the factories had resumed work.

6. The Collective Weaving Centres were seriously handicapped by the disloyalty of handloom weavers in general. The average weaver is unable to appreciate the advantages of continuous employment, steady wages and disciplined work in the Collective Weaving Centre and considers that these are institutions to which he can revert only during time of distress. For these reasons it was not considered necessary for the Government to continue the Centres and they were handed over to the Madras Handloom Weavers' Provincial Co-operative Society on 1st July 1945.

According to the pro forma accounts, the net profits earned by the Collective Weaving Centres for 1943-44 and 1944-45 were as follows:-

1943-44.	Rs. 5,58,851.
1944-45.	Rs. 2,96,669.

C.P.G.
10.3.48.

C.V. Narasimhan,
10.3.48.

H.M. (Industries).

The demand under Capital outlay-on Provincial schemes of State Trading was carried out without discussion. No further action in the matter seems called for. The papers may be recorded as G.O. for facility of future reference.

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P.T.O

G.O. Ms. No. 1851 dated 14.4.48.

Textiles - Millmade Standard Cloth and Handloom Cloth schemes - Winding up - Note on cut motion - Papers - Recorded.

/True copy/

Office Assistant,
Madras Record Office.

3/9/03

k.y.s. 27.8.